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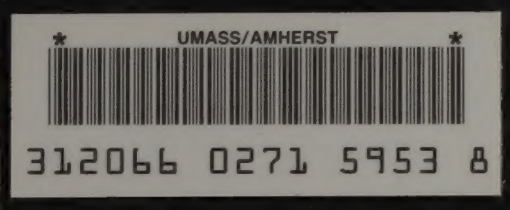

ASS. AG1.5/3: 997 / February

Update from Attorney General Scott Harshbarger

AGenda: Fraud Issues

Dear Concerned Citizen:

GOVERNMENT DOCUMENTS
COLLECTION

MAY 12 1997

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Only five years ago, Bay Sate drivers paid among the highest auto insurance rates in the country and our businesses faced such staggering workers' compensation costs that many downsized, closed or relocated to other states. Fraud was often cited as the culprit for these increased insurance costs, which, unfortunately, is a phenomenon also true in our unemployment, health insurance, Medicaid and Medicare sytems.

Increased costs attributed to fraud provoked cynicism from consumers, taxpayers, and business leaders and galvanized Massachusetts leaders to produce significant reforms designed to put the brakes on fraudulent activities and rising rates.

One such innovation was the formation of the Insurance Fraud Bureau of Massachusetts (IFB). The IFB is a cooperative and comprehensive public/private partnership created by the Legislature in 1990 to prevent, detect, and investigate insurance fraud in Massachusetts. Using insurance industry funds (no taxpayer dollars are used to subsidize IFB's existence), 43 professionals, including designated assistant attorneys general from my office, are dedicated exclusively to investigating and prosecuting insurance fraud. Since its inception, criminal action has been initiated against approximately 300 different individuals on more than 1,600 fraud counts. More than 150 individuals have been convicted on fraud charges and many more criminal investigations are under way. The combined efforts of all prosecutions has resulted in nearly $500,000 in fines, penalties and court costs and, defendants have been ordered to return more than $6.5 million in restitution to the insurance companies victimized by the crime of fraud.

Since 1994, there has been a decline of more than ten percent in auto insurance rates, returning millions of dollars in disposable income to Massachusetts consumers. Three straight years of double-digit decreases in workers' compensation rates have saved businesses hundreds of million of dollars, improving our overall economic climate, as well as our competitive edge with other states. In addition, a new initiative I proposed late last year that places "wage affirmations" on the reverse side of total disability checks has helped to further reduce the number of fraudulent workers' compensation claims in the state.

While the prevention and prosecution of fraudulent activity is not the only reason for the decline in costs that we as a Commonwealth have experienced over the last few years, the fight against fraud is certainly a key component to bringing such costs under control. The success of the past few years speaks volumes about what can be done when we work together to find common solutions to common problems and is, in my opinion, just a beginning. I look forward to strengthening this office's partnership with the IFB and other fraud-fighting resources as we continue to seek innovative solutions, such as public education and the creation and implementation of new law enforcement tools, to win this battle.

Sincerely,

Scott Harshbarger

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Harshbarger's Child Labor Task Force to Revamp Antiquated Child Labor Laws

In September, Attorney General Harshbarger announced the formation of a 12-member Child Labor Task Force to make recommendations for updating the laws that regulate the employment of minors. Current laws have not been updated in more than 50 years.

Comprised of members of the Massachusetts Legislature and representatives from the labor, business, public education and public health communities, the task force has reviewed the existing laws and has submitted new, draft legislation to the legislature. The proposed legislation addresses the number of hours children under 18 may work during a given day or week, the penalties for child labor law violations, and the appropriate oversight roles played by state and school officials.

Current Massachusetts law allows minors to work up to 48 hours a week, with teenagers as young as 14 allowed to work up to 8 hours a day - even during the school year. While a minor seeking employment must first obtain working papers from local school officials who then assess the nature of the employment, no such requirement is needed for minors who work in hospitals or other health care facilities, where injuries are frequent.

The Task Force completed its review on November 8; its recommendations, which are detailed in the adjacent box, were then drafted and submitted to the Legislature on December 4.

Serving with the Attorney General on this task force are:

Peter J. Negroni, Springfield School Superintendent
Sally L. Dias, Ed. D., Watertown School Superintendent
State Sen. Robert Travaglini, Senate Chair, Joint Commerce & Labor Comm.
State Rep. Robert Koczera, House Chair, Joint Commerce & Labor Comm.
Kathy Kelly, Director, State Federation of Teachers, Mass. AFL-CIO
Arthur Moriarty, President, Massachusetts Safety Council
Rev. Edward F. Boyle, S.J., Exec. Secretary, Labor Guild, Archdiocese of Boston
Jon Hurst, President, Retailers Association of Massachusetts
William Vaughn, Vice President, Stop & Shop, Quincy
Kathryn M. Murphy, Esq., of Murphy, Hesse, Toomey & Lehane, Boston & Quincy
Dr. Letita Davis, Director, Occupational Health Statistics, Dept. of Public Health

The following individuals are serving as technical advisors: Debra Comfort, of the Dept. of Education; John Niles, of the Massachusetts Office of School-to-Work; Kathleen Baker, of Chicopee School-to-Work; John Gatti, of MOSES; Jerry Burke, of the Hillcrest Education Center; Don Baldini, of AIM; Paul Amaral, of the Greater New Bedford Regional Vocational Technical High School; Frank Mooney, of the MA Dept. of Labor and Workforce Development; Roberta Schafer, of the State Board of Education; and Mary Ellen Channing, of the Chicopee School-to-Work program.

Highlights of Proposed Child Labor Bill

The proposed bill further restricts the number of daily and weekly hours full-time high school students may work.

Minors under 16 are limited to work:
- 18 hours in a school week (40 in non-school weeks)
- 3 hours per day (8 on non-school days and during non-school weeks)
- Five days per week maximum
- Minors may not work beyond 7pm (except from July 1 through Labor Day, when evening hours may be extended to 9pm)

Students between the ages of 16 and 17 are limited to work:
- 28 hours in a school week (48 in non-school weeks)
- 4 hours per day (8 on non-school days)
- Five days per week maximum during school weeks (six for non-school weeks)
- 16 and 17 year old students may not work beyond 10pm. (11pm on non-school nights)

Minors under 18 who are employed after 8pm must be under direct adult supervision.

The proposed changes to the law also include significant penalty increases for various aspects of the child labor laws and also include an alternative civil penalty provision for violations of all areas of the child labor laws.

Harshbarger's Anti-Fraud Proposal Nets Criminal Charges, Reduction in Workers' Compensation Claims

A Commonwealth employee has been charged with workers' compensation fraud and larceny for holding three jobs while collecting disability benefits. One of the grounds for the charges was the presence a "wage affirmation" statement that is part of a new initiative by the Attorney General to strengthen fraud prosecutions and reduce fraudulent claims. The defendant was a state employee who alleged, through the wage affirmation statement he signed on the back of his workers' compensation check, had no income when in fact he was found to be employed by three different companies while collecting total disability benefits.

The prosecution is among the first to be brought under a new initiative by Harshbarger to place "wage affirmations" on the reverse side of total disability checks. The affirmation requires workers' compensation recipients to pledge that they have had no earnings during the period in which they alleged they were totally disabled and unable to work. The Public Employment Retirement Administration (PERA), the Commonwealth's workers' compensation agency, and a workers' compensation insurer, United States Fidelity & Guaranty Company (USF&G) have adopted the AG's recommendation and placed the wage affirmation language on the reverse side of all total disability checks issued by the Commonwealth. The proposal is proving to be an effective tool in fight fraud, with officials at USF&G reporting a reduction in fraudulent or inflated claims since adopting the affirmation strategy.

Attorney General Harshbarger hopes to expand this initiative so that, in the future, all workers' compensation checks include the wage affirmation language on them.

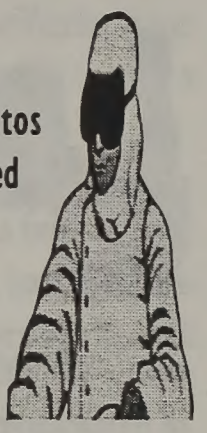
Attorney Pleads Guilty to Aiding Client in Workers' Compensation Scam

A Framingham attorney pled no contest to a charge of aiding a client in fraudulently obtaining workers' compensation benefits from that firm's insurance company. The defendant was sentenced to six months in jail, suspended for one year, and was ordered to pay a $2,000 fine. He is also required to pay $14,234 in restitution to the insurer.

In February of 1990, the defendant's client injured his ankle while working as a real estate sales and marketing coordinator. While receiving total, temporary disability benefits for this injury, he worked full-time at several other real estate jobs and also worked part-time at a health club, earning more than $80,000 while collecting over $34,000 in workers' compensation benefits.

The case is the result of a joint investigation by the AG's office and the MA Insurance Fraud Bureau.

Asbestos Company to Pay $66,000 in Workers' Comp. Case



A former Dedham asbestos abatement corporation pled guilty to charges it under-reported its payroll for two years to avoid paying more than $60,000 in workers' compensation premiums.

The firm was sentenced to two years probation and ordered to pay $66,000 in restitution to its workers' compensation insurance carrier. The company president was also placed on pretrial probation for two years and, as a condition of probation, must report business activities to the AG's office as well as pay $20,000 in court costs and perform community service.

In 1993 and 1994, the asbestos firm employed union workers on asbestos abatement and dismantling construction projects. A joint investigation by the AG's office and the Insurance Fraud Bureau of Massachusetts revealed that at the end of each of those years, the company submitted records to its insurer which under-reported its payroll by hundreds of thousands of dollars.

Three Indicted for Alleged Stealing of $89,000 from BC/BS

Attorney General Harshbarger announced that three women have been indicted for allegedly stealing approximately $89,000 from Blue Cross/Blue Shield of Massachusetts.

The Attorney General's office alleges that one of the women, a customer service representative for Blue Cross, manipulated the computer system that handles claims reimbursement procedures to have checks issued in her boyfriend's name and sent to the couple's joint address. She then allegedly cashed the checks using a phony I.D. It is further alleged that this defendant also had checks issued to her two friends, the other defendants named, allowing them to keep a portion of the proceeds once they had endorsed and cashed the checks.

If convicted, the defendants each face maximum penalties of five years in state prison on larceny and receiving stolen property charges. In addition, the defendant who was employed at Blue Cross faces a maximum sentence of ten years on each of two charges of forgery and uttering.

The case is the result of an internal audit by Blue Cross and a subsequent referral to the Attorney General's office.

Clerk Magistrate Indicted for Bribery Scheme; AG Calls for Reforms

AG Harshbarger recently called for statewide reforms in the system used for the assignment of defense counsel, following the indictment of a Middlesex Superior Court Clerk Magistrate for allegedly accepting more than $10,000 in bribes from a private investigator.

The Clerk Magistrate in question allegedly accepted bribes and vacations from a private investigator in return for funneling taxpayer-funded defense work to the investigator.

Under the current "duty attorney system" procedure for assigning counsel to represent indigent defendants, a clerk magistrate can have substantial influence over defense counsel assignments in criminal cases. The Attorney General strongly supports controls that prevent and detect potential corruption and abuse, including the recent reforms instituted by regional court officials requiring defense attorneys who seek public funds for investigative work to file affidavits explaining the need for such services. AG Harshbarger would like to see this policy formalized and instituted statewide as soon as possible. He also supports efforts by the Committee for Public Counsel Services to overhaul the current voucher payment system to one that ensures that the work billed is actually completed.

In the wake of the bribery allegations, tougher guidelines have also been issued defining the circumstances under which the Cambridge clerk magistrate can deviate from the duty roster for defense counsel. The Committee for Public Counsel Services referred the case to the AG's Office and cooperated in the investigation.

FRAUD
Prevention and Prosecution

Would your organization like to learn more about preventing and prosecuting fraudulent activity? Staff members of the Office of the Attorney General are available to speak to interested parties on such topics as:

Insurance Fraud
Workers' Compensation Fraud
Unemployment Activities Fraud
Tax Evasion
Larceny
Embezzlement
Prevailing Wage Enforcement

If you are interested in learning more about one of these topics, or another topic relevant to the responsibilities of the Attorney General's office, please call the Speakers' Bureau at (617) 727-2200, ext. 2674.

AG Harshbarger For Civil Enforcement Wage Law

Last fall, the Attorney General announced his intention to seek from the Massachusetts Legislature the passage of a bill that would strengthen his enforcement authority over those who violate the Commonwealth's wage and hour laws.

The AG's proposed legislation would provide for a civil enforcement alternative to the present criminal authority now granted his office in the areas of nonpayment of wages, overtime, minimum wages, and public construction prevailing wages. In addition, the proposed legislation also significantly increases the criminal penalties for the most egregious violations of these laws.

If passed, the law would allow Attorney General Harshbarger's Fair Labor & Business Practices Division to issue a civil citation for clear violations of wage laws. The citation could include a simple warning, an order to remedy problems, or a fine not to exceed $10,000 for the first offense. Alleged violators would have appeal rights through an administrative hearing as well as subsequent right of judicial appeal. The Attorney General view the potential new enforcement tool as an efficient and effective alternative criminal prosecution.

A similar bill, filed last year by the Attorney General, passed in the Senate and came to a 3rd reading in the House. Its chief sponsors were Reps. Daniel Bosley and Joseph Manning and Senators Thomas Birmingham and Lois Pines.

Since 1993, the Attorney General's office has recovered more than $6 million in unpaid wages on behalf of workers in the Commonwealth.

Curtain Workers File Complaint With AGO and Get Results

Last fall, Richmark International workers filed a complaint with the AG's office alleging that the Everett-based curtain manufacturer was violating state labor laws. Specifically, it was alleged that Richmark was illegally employing workers to complete extra work at home at a per pound rate, or for as little as $1.50 to $2.50 per hour.

State law mandates that only workers who are not regularly employed by a firm and have been certified as "homeworkers" are allowed to do manufacturing work at home. The law also requires employers to apply for a "homework" permit and to pay workers who do work at home at least the minimum wage.

In addition to the home work complaint, more than a third of the work force went on strike in protest of the company's decision to lay off ten individuals, allegedly for their attempt to organize a union at the site.

Following the Attorney General's response to the complaint, in which he called for an immediate investigation, several actions were taken by Richmark to improve the situation at the plant and end its alleged home work requirements. In addition, workers have proceeded with their organization efforts and have since dropped their complaint with the AG's office.

Plymouth Co. Pays $83,204 to Settle Wage Charges

Last fall, the Attorney General's office entered into an out-of-court settlement with a Plymouth company over allegations it violated the state's prevailing wage statute by failing to pay the prevailing wage to workers at public works projects.

The company agreed to pay $83,204 in restitution to employees deemed to have been underpaid while the company was involved in more than 20 public works projects at road construction sites across the state. It will also pay $15,000 to the Commonwealth.

Chicopee Company Guilty of Violating Labor Laws

An excavating and trucking business based in Chicopee, along with its chief officers, were found guilty of failing to pay prevailing wage rates, failing to provide true and accurate records, larceny and insurance premium avoidance. The company was ordered to pay $34,000 in restitution and was prohibited from bidding or working on public works projects for six months.

The company and its officers failed to pay proper wages to employees who worked on an Auburn Housing Authority project between 1993 and 1994. In addition, the company routinely paid employees for only 30 of the 40 hours worked on public projects, submitted false payroll records and made misrepresentations to its insurance company in order to avoid paying the proper workers' compensation premium.

Auto Insurance Fraud

Former Insurance Co. Employee Sent to Jail for Fraud

A former employee of a Hanover-based insurance company, who pled guilty to insurance fraud charges, was sentenced to three to five years in state prison, with one year to serve and the balance suspended. The defendant, who used to be an appraiser for the company, pled guilty to numerous counts of insurance fraud and larceny for submitting a large number of bogus appraisals for vehicles that were supposedly being repaired at a designated body shop. In reality, reports and photos submitted by the defendant were found to be fraudulent because they depicted damage that was either added, fabricated, or taken from automobiles other than the ones he was assigned to appraise.

As part of the guilty plea, the defendant admitted he conspired with the owner of at least one body shop to submit the fraudulent claims, and that others were recruited by the body shop to help stage the motor vehicle accidents used in the scheme. The Massachusetts Insurance Fraud Bureau worked with the AG's office to investigate and prosecute this case.

Springfield Man to Serve Six Months for False Insurance Claim

A Springfield man pled guilty to filing a fraudulent insurance claim and was sentenced to serve six months in prison.

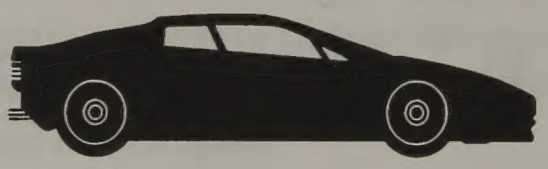
The defendant claimed to have been injured while a passenger in a motor vehicle that was involved in a two-car accident and filed an injury claim with his insurer, stating that he had sustained injuries to his back and leg. Medical bills for nearly $1,000 were submitted to the insurer.

An investigation by the Mass. Insurance Fraud Bureau revealed that the defendant was not in the vehicle at the time of the collision and the case was then referred to the AG's office for prosecution.

Lanesborough Business Owner to Pay $27,000 for Insurance Fraud

The owner of a Lanesborough business who pled guilty to charges of insurance fraud, larceny and conspiracy was fined $13,700 and ordered to pay an additional $13,704 in restitution to his insurer.

The business owner admitted that he and his nephew conspired to stage two car accidents with the intent of defrauding their insurance companies. The defendant staged the accidents and then filed fraudulent insurance claims for damages to statues he claimed he was transporting in his van. The defendant had allegedly previously filed claims and collected insurance payment on the same statues for an accident in 1989.



The owner's nephew was also charged in the scheme, which was uncovered by the Insurance Fraud Bureau and then referred to the AG's office for prosecution.

Belmont Man Fined $3,000 for Fraudulent Insurance Claim

A Belmont man has been convicted of filing a fraudulent motor vehicle insurance claim and sentenced to six months jail time, suspended for two years. He was also fined $3,000 and now faces conspiracy charges based on the fraudulent claim.

The defendant had filed a claim with his insurance company alleging that, while driving a rental car, he backed into and damaged a Porsche. The insurer paid the owner of the Porsche $3,460; however, evidence presented at the trial showed that the accident never occurred, and that the damage to the Porsche had been sustained before the reported date of the accident. The Porsche driver, who is married to the car's owner, faces similar charges, but is currently on default. The owner of the car has also been charged for his role in the scheme. (See related article on the Porsche owner, next page.)

The case is the result of a joint investigation by the Attorney General's office and the Mass. Insurance Fraud Bureau.

Tax Fraud and Evasion Lead to Guilty Findings

Four separate cases of tax fraud all lead to guilty pleas.

■ A New Bedford attorney pled guilty to charges of failing to turn over approximately $20,000 in state income taxes withheld from employee paychecks. The defendant received a six month suspended sentence, during which time he will be under home confinement and monitored by electronic bracelet.

■ A prison inmate who was convicted two years ago of trying to steal tax money and filing fake tax returns, will now serve up to five more years in prison after masterminding a new and elaborate scheme with fellow prison inmates to steal state tax money. The defendant had tried to use an "improved" version of the same tax scheme that put him in prison before, enlisting others to sign tax returns and set up post office boxes to receive the refund checks, as well as set up a bogus bank account to deposit the checks. In the end, he was convicted of filing 22 false income tax returns that requested thousands of dollars in state refund checks during the 1992 calendar year. He attempted to steal $20,000 in tax funds. The case was a joint effort by the Attorney General's office and the Criminal Investigations Bureau of the Department of Revenue.

■ A Brookfield widow was fined and ordered to perform community service following her guilty plea to charges she failed to pay over more than $30,000 in sales tax from her deceased husband's carpet business, which she managed following his death. She was sentenced to eight months probation and ordered to perform 300 hours of community service. She must also pay a $5,000 fine and all back taxes, along with interest and civil penalties.

■ A Taunton business owner pled guilty to criminal tax charges and was sentenced to three years probation for failing to account for and pay over state withholdings and sales taxes, and for failing to file corporate excise tax returns. The defendant, who owns a grain supply company, failed to pay approximately $35,000 in sales taxes collected and approximately $20,000 withheld from employee wages over a four year period. The defendant was sentenced to three years of probation.

Porsche Owner Pleads Guilty to Reporting Same Accident Three Times

A Belmont man pled guilty to fraudulently filing two phony motor vehicle accident claims and receiving more than $6,800 from insurance companies for damage to his Porsche that resulted from a single accident with the car.

The defendant was sentenced to serve six months of a two and one-half year jail sentence on an electronic monitoring bracelet, with the balance suspended.

In 1987, the defendant's Porsche was involved in an accident and incurred front-end damage. In March of 1990, he received $3,344 from one insurance company for damages exactly like the ones sustained in the '87 collision for which he had already collected. In October of the same year, the Porsche owner's sister reported a collision with a rented vehicle to a different insurer, and again, claiming the same damages as before, collected an insurance check for $3,460.

The case was investigated by the Insurance Fraud Bureau of MA and referred to the AG's office for prosecution.

Malden Man Guilty of Auto Insurance Fraud

A Malden man pled guilty to one count each of filing a fraudulent insurance claim and larceny of more than $250. A judge sentenced him to a two-year suspended sentence and ordered him to pay $3,000 in restitution. He must also perform 50 hours of community service.

The defendant had reported to his insurance carrier that his car had been damaged in an accident when in fact the alleged accident had been staged with the owner of a Raynham auto body shop using a damaged car to support the claim. The defendant had received a $3,000 check from his insurer for the reported damage.

The investigation and prosecution of the case was a joint venture between the AG's office and The Mass. Insurance Fraud Bureau.

Medicaid Fraud

Since 1991, the Attorney General's Medicaid Fraud Control Unit has recovered over 26 million dollars for the Commonwealth.

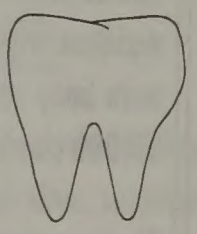
Worcester Psychiatrist Indicted for Bilking Medicaid Program of $238,000; *Charged with 477 Counts of Fraud*

A Worcester psychiatrist who allegedly routinely billed the state Medicaid program for more than 24 hours worth of work per day was indicted for bilking the state of more than $238,000. He was charged with 477 counts of filing false Medicaid claims, along with two counts of grand larceny. Since 1993, the defendant has allegedly charged the program for more than $800,000 worth of services.

The AG's office alleges that the defendant billed the state Medicaid program for work he was supposedly conducting in Worcester at times when he was really in places such as Alaska, Rome, the Caribbean, Florida, California, and Nantucket. In addition, he also allegedly billed the system and its mental health and substance abuse subcontractor, Mental Health Management of America (MHMA) for more than 24 hours worth of visits per day on 170 separate days.

The case was brought to the Attorney General's Medicaid Fraud Control Unit's attention after MHMA conducted an audit of the doctor's billing practices. The Division of Medical Assistance also assisted in the probe as did the Rhode Island AG's Medicaid Fraud Control Unit.

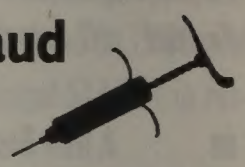
Boston Dentist Settles Fraud Charges; Pays $75,000 and Resigns from Medicaid Program



A Boston dentist agreed to settle allegations of Medicaid fraud by paying $75,000 in civil penalties and restitution and resigning from the state's Medicaid program. The defendant was alleged to have fraudulently billed Medicaid for more expensive dental services than he actually performed on patients over a four-year period. The defendant's resignation from the Medicaid program and agreement to pay $75,000 constitutes full payment of alleged overcharges and penalties to the Medicaid program.

The agreement is the result of an ongoing effort by Attorney General Harshbarger's Medicaid Fraud Control Unit and the Division of Medical Assistance's Internal Controls and Audits Department to uncover abusive practices committed by health professionals who bill the Medicaid program on a fee-for-service basis.

Commonwealth to Share in $6.6 Million Medicaid Fraud Settlement



A national clinical laboratory company with offices in Massachusetts agreed to repay $277,000 to the Commonwealth for alleged Medicaid abuses. The payment is part of a $6.6 million nationwide settlement to be shared with 27 states.

The clinical lab company, which has offices in Andover, Attleboro and Westwood and provides blood testing services to doctors, clinics and health care providers, was accused of conspiring to defraud Medicaid and Medicare. Specifically, the company allegedly bundled three different exotic tests with certain ordinary blood panels, causing doctors to order tests that were not medically necessary. As a result, Medicaid programs paid millions of dollars to the lab for clinical tests that were not needed for treatment purposes.

The laboratory will repay Medicaid treble damages for bundling the unnecessary tests. In addition, it pled guilty last October to conspiracy to defraud Medicare and was ordered to pay a $35 million criminal fine.

The investigation was initiated by a former employee at the lab who filed a "whistleblower" suit. As President of the National Association of Attorneys General, Harshbarger's Medicaid Fraud Control Unit worked with 26 other states to investigate and prosecute the defendant.

Jamaica Plain Doctor to Serve One Year Confinement, Pay $75,000 for Medicaid Fraud Charges for Illegal Drug Prescriptions

A Jamaica Plain physician pled guilty in Suffolk County to charges of Medicaid fraud and prescribing controlled substances to drug-dependant Medicaid recipients for medically unnecessary reasons. The plea came about two weeks after he pled guilty to similar charges in Norfolk County. The defendant was sentenced on the Norfolk charges to a two-year House of Correction term, with one year to serve in home confinement monitored by an electronic bracelet device, the balance suspended for three years. He was ordered to the same sentence on the Suffolk charges, the sentences to run concurrently. He must also pay $75,000 restitution to the Medicaid program.

As a condition of the defendant's probation, he must permanently surrender his license to practice medicine in Massachusetts. He must also undergo alcohol treatment, counseling and urine checks. If he does not remain drug and alcohol-free, he will face imprisonment for two years.

Charges against the defendant included his operation of a scheme with the owner of a pharmacy in Quincy to defraud the Medicaid Program by prescribing and dispensing controlled substances that were not medically necessary. (The pharmacy owner pled guilty last January to filing false Medicaid claims.) The defendant also pled guilty to repeatedly prescribing addictive tranquilizers to a drug-dependant man, despite repeated warnings that the man was abusing drugs. The man died four days after receiving the latest and largest prescription from the defendant. Evidence seized by the State Police indicated that the defendant was providing drugs to more than 700 patients and billing the state, federal government and private insurers between $30,000 and $40,000 each month. In addition, an unknown amount of cash was given to the defendant by drug-seeking patients.

The guilty pleas were the result of an extensive investigation by Harshbarger's Medicaid Fraud Control Unit, the Massachusetts State Police Drug Diversion Unit, the federal Drug Enforcement Administration and the Boards of Registration in Medicine and Pharmacy.

Quincy Dentist Billed for Services Not Performed

A Quincy dentist pled guilty to charges of submitting false claims worth approximately $20,000 to the state Medicaid program, having fraudulently billed Medicaid for dental services and restorations that he did not provide on various dates throughout 1994. The defendant was ordered to pay a $12,500 fine and was placed on probation for two years. He was also ordered to pay $20,000 in restitution to the Medicaid program.

The guilty plea is the result of an ongoing effort by the AG's office and the Division of Medical Assistance to uncover and prosecute fraudulent billings submitted by dentists who bill the Medicaid program on a fee-for-service basis.

Former Brockton Dentist Indicted for Illegal Practice

A former dentist, whose license was revoked last year, was indicted for allegedly continuing his practice illegally, filing false insurance and Medicaid claims, committing larceny, and possessing controlled substances with the intent to distribute.

The defendant had been practicing in Brockton for nearly 30 years before his license was revoked. The Board of Registration in Dentistry took action following numerous patient complaints of substandard care, the prescribing of drugs despite an expired permit, and failure to follow the terms of a consent judgment issued in 1993 which restricted the defendant's practice.

It is alleged that the defendant fraudulently billed Medicaid and dozens of private insurers for dental services rendered after his license was revoked. He allegedly received tens of thousands of dollars in public and private reimbursment. The defendant also allegedly admitted to possessing Novocaine and other controlled substances and the AG's office alleges he distributed those substances without a proper permit to do so.

An arrest warrant has been issued for the defendant, who has fled to Colorado. The matter was referred to the AG's office by the Board of Registration in Dentistry.

Unemployment Fraud

Over the past year, the state has recovered more than $1 million from cases of unemployment benefits fraud. Since 1991, the Unemployment Fraud Division has recovered more than $5 million.

Insulation Co. President Guilty of Nonpayment of Unemployment Contributions

Last fall, the president of an insulation company admitted to sufficient facts for a guilty finding for failure to pay unemployment contributions for his business for nearly a two year period from 1992 to 1993. The judge in the case continued the case without finding and ordered the defendant to pay full restitution plus interest, for a total of $45,000, to the Division of Employment and Training. In addition, the defendant also presented a check to the Division for $4,626.56 for contributions owed for the first quarter of 1996, but for which no criminal charges had yet been sought.

Man Leaves Drug Rehab to Remove Default Warrant

Last fall, a defendant returned from a residential drug and alcohol treatment program in Vermont to remove a default warrant after being contacted by an Assistant Attorney General in the Unemployment Fraud Division. The defendant was charged with larceny over $250, for collecting $3,132 in unemployment benefits in 1991 while he was also working for a restaurant. The defendant pled guilty and was sentenced to one year in jail, suspended for three years, and was placed on probation. During his three years of probation, he must successfully complete his drug and alcohol treatment program and pay $3,132 in restitution to the Commonwealth.

North Adams Man Guilty of Unemployment Fraud

A North Adams man was convicted of defrauding $9,756 from the state Division of Employment and Training and was sentenced to five years of probation and ordered to make full restitution to the Division. From January 1992 to January 1993, the defendant falsely stated that he was unemployed when, in fact, he was earning income as a plumber, gasfitter, and logger.

Brockton Man Arrested for Violating Probation

A Brockton man was arrested for violating his probation for a past unemployment fraud conviction. On default since July 19, 1991, the defendant was arrested at his residence and was committed to a Plymouth area prison.

In 1989, the defendant was convicted of unemployment compensation fraud, received a suspended sentence and was placed on probation. He subsequently violated his probation by failing to pay the required restitution to the Division of Employment and Training from his original conviction. The arrest is the result of a warrant sweep conducted by the AG's Unemployment Fraud Division and State Police assigned to the Attorney General's office.

Warrant Sweep Nets Four Defendants

Last fall, the Attorney General's Unemployment Fraud Division conducted a warrant sweep targeting defendants on default. With assistance from the Massachusetts State Troopers assigned to the AG's office, the sweep netted 4 of the 8 defendants identified. The defendants on default owed court ordered restitution in excess of $18,000.

Hinsdale Man Charged with Unemployment Fraud

A Hinsdale man was charged with fraudulently collecting $5,424 in unemployment benefits. The defendant allegedly claimed to the Division of Employment and Training that he was unemployed, when, in fact, he was earning income as an independent contractor. If convicted, he faces a maximum jail sentence of two years, a fine of $25,000, and an order to pay full restitution.

Cambridge Man Pleads Guilty to Fraud

A Cambridge man pled guilty to defrauding $5,557 in unemployment benefits. From April to August 1992, the defendant collected benefits while employed at a company based in Maryland. The defendant received a one year suspended sentence and was placed on two years of probation. He must also make full restitution to the Division.

Larceny and Embezzlement

Former Veteran's Agent Sentenced for Embezzling from Disabled Vets

A former veteran's agent in Southeastern Massachusetts was sentenced to 20 days in jail after pleading guilty to charges of embezzlement and conflict of interest for bilking two disabled war vets and a third veteran's widow. He was also sentenced to two years probation and ordered to pay full restitution to the two vets as well as return a $67,000 home to the widow. The defendant had the power of attorney or was the legal guardian for the two disabled veterans. In that capacity, he had embezzled more than $246,000 from the two war vets. He had also unlawfully accepted the house from a Swansea widow of a war vet after he helped her qualify for veterans' benefits and medical treatment.

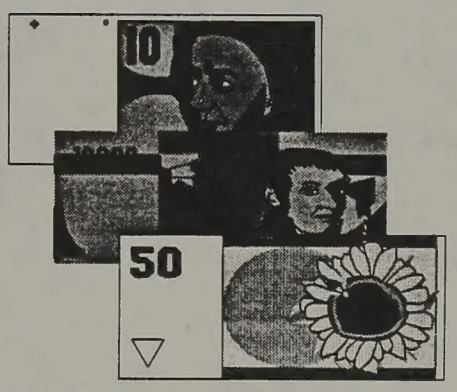
Weston Attorney Gets 2 Year Sentence for Stealing $630,000 from Clients

A former Weston Attorney was sentenced to a two-year jail term on charges he stole $630,000 from four former clients and a real estate broker. The defendant must also pay full restitution to the victims.

While working from 1989 to 1992 as a real estate attorney in Weston, the defendant was hired by four elderly clients to handle their estates. After the clients died, the defendant liquidated the assets in the estates and used the money for his own personal use rather than distributing the proceeds to the rightful heirs. He also used funds held in escrow for the real estate broker for his personal use. The defendant was disbarred in 1994 from practicing law in Massachusetts.

Unregistered Investment Adviser Pleads Guilty to Stealing $135,000

A Weston man pled guilty to charges he stole $135,000 from two victims while posing as an experienced investment adviser when he was not registered as such. While posing illegally as an investment advisor, the defendant took money from a woman in Newton and another in Waltham, and then spent it on personal expenses such as sports tickets, cash withdrawals at casinos, rent and personal debts. The defendant had told the women that he would take their investment money and invest it in government bonds, securities and money market accounts, however, he admitted later that he never made the investments.



Alleged Securities Scam to Pay $1.1 Million to Victimized Investors

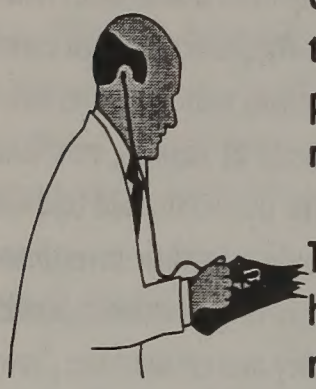
A Boston company that ran an international investment scam that stole more than $1.5 million from mostly Chinatown immigrants has been ordered to pay $1.1 million in restitution to the victimized consumers. The $1.1 million figure represents the amount victims were unable to recover from the company.

The scheme duped at least 80 investors into believing they were buying and selling foreign currency on the margin through accounts at the Bank of England. Through misrepresentations, the defendants induced individuals to invest through their company in what appeared to be the foreign currency spot market. The indictments, however, stated that the company had no account with the Bank of England, and did not use the investment money to purchase foreign currency. The corporation instead altered quotes on currency rates and charged commission structures guaranteed to result in a loss to investors. The conspirators than converted the funds they received for their personal use.

Appeals Court Affirms Guilty Verdict for Children's Hospital Doctor Who Stole $117,000

In a follow-up story from an October, 1995 AGenda Fraud newsletter, the State Appeals Court affirmed guilty verdicts against the former chief of cardiology at Children's Hospital who was convicted in 1995 of embezzling more than $117,000 from the hospital and other groups.

In 1995, attorneys from Attorney General Harshbarger's office showed that through the use of a variety of schemes, the doctor stole $117,777 from the Boston Children's Heart Foundation, Inc. (BCHF), and spent the money on personal expenses. In one scheme, the defendant deposited into his own checking account five checks meant for the purchase of research equipment for the Cardiovascular Surgical Foundation laboratory. In another scheme, the defendant used money from BCHF to pay for the salary of the head of a new biotechnology company in which he had a personal interest. He also stole money from the Foundation to give to a Boston museum as personal donations.



The defendant, who has twenty days to apply to the SJC for review of his case, had received a complex sentence from his original trial that included a one year sentence to be served in jail and a combination of community service and restitution.

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